ORIGINAL

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C.

In re Applications of	)	MM Docket No. 97-128
	)	
Martin W. Hoffman,	)	
Trustee-in-Bankruptcy for Astroline	)	FCC File No. BRCT-881201LG
Communications Company Limited	)	
Partnership	)	
	)	
For Renewal of License of Station	)	
WHCT-TV, Hartford, Connecticut	)	
	)	
Shurberg Broadcasting of Hartford	)	FCC File No. BPCT-831202KF
	)	
For Construction Permit for a New	)	
Television Station to Operate on	)	
Channel 18, Hartford, Connecticut	)	

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

TO: The Honorable John M. Frysiak
Administrative Law Judge

TRUSTEE/RAMIREZ/TIBS EXHIBIT 2

Testimony of Richard Peter Ramirez

Respectfully submitted,

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By: Howard A. Topel
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Dated: September 9, 1998

TESTIMONY OF
<u>RICHARD PETER RAMIREZ</u>

1. I am an Hispanic American. My father emigrated to the United States from Cuba and my mother was born in Puerto Rico. I was born in New York City on November 18, 1953 and was raised in the South Bronx.

I. Education

2. I attended St. Athanasius Grammar School in the Bronx and Immaculate Conception School in Queens and graduated from Holy Cross High School in Flushing in 1972. In 1976, I graduated from Boston College's School of Management with a Bachelor of Science degree in Finance. Subsequently, I attended an executive broadcast management program at the Wharton Business School at the University of Pennsylvania.

II. Background - Work Experience

3. In 1976, after graduating from college, I began working in the communications industry as an account executive at WROR-FM, an RKO station, in Boston, Massachusetts. I spent approximately 20 months in this position and then was promoted and moved to New York City to be a part of RKO's national sales representative team. As a member of the national sales team, I represented more than 35 radio stations in the sale and marketing of advertising time in radio markets across the United States, ranging in size from Columbus, Ohio to New York City. RKO then promoted and moved me back to Boston as a local sales manager at WRKO(AM). After about ten months, I was promoted to general sales manager where I had complete responsibility for all the sales activities and marketing activities of the station. I was at WRKO(AM) from late 1978 to mid-1980. I managed a staff of seven or eight account executives and oversaw the research department and traffic department.

4. Next, I moved to Houston, Texas where I was national sales manager for Corinthian Television's Station KHOU-TV, Channel 11, a CBS network affiliate. I held this position from approximately June or July of 1980 until June or July 1981. Then I rejoined RKO as the western regional manager for the RKO radio network based in Los Angeles. My responsibilities were to service and develop network radio advertising clients for the radio network. My region included everything west of Denver so I had responsibility for clients in Denver, Seattle, San Francisco, Phoenix, Los Angeles and San Diego.

5. From approximately January 1982 until July 1984, I worked for Greater Media, as general sales manager, participating in the re-building of an FM radio station in Boston, Massachusetts. I hired all of the sales, traffic and marketing personnel as well as support and research personnel. I trained and developed the sales and marketing departments, and I had some additional oversight functions in the areas of promotion and community affairs.

6. I left the position with Greater Media to pursue the purchase and acquisition of Station WHCT-TV, Channel 18, Hartford, Connecticut in 1984 by Astroline Communications Company Limited Partnership ("ACCLP"). I began working on the WHCT project on a full-time basis in approximately August 1984 and continued full-time on the project until approximately May 1989. On November 4, 1988, an involuntary petition under Chapter 7 was filed against ACCLP by Lorimar Telepictures Corporation and Lorimar Distribution, Inc., MCA Television Limited, and Orion Television Syndication. On November 30, 1988, ACCLP filed its Consent to Adjudication and Election Pursuant to 11 U.S.C. 706 in which ACCLP elected to convert the case into a proceeding under Chapter 11 of the Bankruptcy Code. I continued to be actively involved in WHCT matters, particularly in several proposed settlement prospects, until the

bankruptcy proceeding was converted from Chapter 11 to Chapter 7 in April 1991. WHCT-TV ceased operations on April 9, 1991, and later returned to operation under the Trustee-in-Bankruptcy. My involvement with WHCT is discussed in more detail in the succeeding sections of this testimony.

7. From approximately May - September 1989, I was general manager and vice-president of WGIR(AM) and FM, Manchester, New Hampshire. The stations were licensed to Knight Radio Group. I then became the director of sales for the Univision television station in Los Angeles, California, KMEX(TV), a Spanish-language station. The chief executive officer of Univision recruited me for the purpose of solidifying sales activities at that station. As director of sales, I was responsible for the sales and marketing, research and traffic operations of the nation's largest Spanish-language television station. After about eight months I was promoted to general manager of KMEX(TV). In that position I was responsible for total operations of the television station which had annual revenues on the order of $50 million a year and approximately 135 employees. I had overall responsibility for the news department, promotions, operations, marketing, engineering, sales and community involvement as well as full responsibility for profits and losses.

8. Univision then promoted me to senior vice president in charge of stations and general manager of their New York station. I was responsible for ensuring that Univision's stations in New York, San Francisco, Fresno and Albuquerque delivered their cash flows, which involved meetings with the managers of those stations to review their business plans, helping in the construction of their annual budgets, and helping evaluate their personnel, news talent, news operations and expenses. My responsibilities in New York included turning around that station,

which was in financial distress when I arrived.

9. In February 1993, I joined Prime Ticket Networks in Los Angeles, California as vice president of special projects, working toward the development of the first Spanish language cable sports network in the United States. I remained in this position until November 1994, when I became Vice President and General Manager of La Cadena De Portiva, a Spanish language sports network. In April 1998 I became Executive Vice President and in August 1998 Chief Operating Officer of Ethnic-American Broadcasting Co. in Ft. Lee, New Jersey. I oversee all operating departments of the company which delivers foreign-language programming via digital satellite to ethnic populations in the United Station and Canada.

III. The Formation of Astroline Communications Company Limited Partnership

10. I learned of the opportunity to buy and manage WHCT-TV, Channel 18 in Hartford, Connecticut, through Mr. Thomas Hart, a Washington communications attorney. The history of my involvement in buying the station is as follows.

11. Tom Hart was a long-time friend of my boss at Greater Media Radio in Boston, Bill Campbell. When I was station manager and director of sales of Greater Media's FM Station in Boston in the early 1980s, Bill was the vice-president and general manager of the station. Bill Campbell and I developed a very close working relationship and became good personal friends. Bill introduced me to Tom Hart in Boston in the fall of 1983. I met with Tom at the radio station in Boston and we spent a few hours discussing various interests, specifically minority ownership. At that time, Tom was working with some clients on a project involving an independent television station in Houston, Texas. Tom and I spent time discussing television marketing, sales, ratings,

and formats.

12. Tom Hart mentioned to me at that time that he was working on various other projects that involved the FCC's minority incentives. I knew from my experience in the industry that minorities owned a very small percentage of broadcast licenses, and that the FCC had therefore created several policies to enhance minority ownership, including the minority tax certificate program and the minority distress sale policy. The objective of the policies was to try and correct the historic imbalance in the representation of minorities in the ownership of broadcast properties. Since I am a qualified minority under the FCC's definitions and since I had a successful career as a manager in the broadcast industry, it was my desire to move into the ranks of ownership. I felt that I was exactly the type of person whom the FCC had in mind when it formulated the minority ownership policies, and I discussed the prospects with Tom Hart.

13. Over the course of the months following this meeting, I met with Tom Hart a few additional times, sometimes in Boston and at least once in Washington. We discussed the FCC's minority policies and their future, the Houston television project on which Mr. Hart was working (I had worked previously at KHOU-TV in Houston), the launch of a national music network to compete with MTV (a project in which I had an interest) and other opportunities. It was at some point during these meetings that Tom brought up WHCT-TV, Channel 18 in Hartford, and the fact that the licensee of that station, Faith Center, Inc. ("Faith Center") was involved in a license revocation proceeding. He gave me a prospectus on the station which was prepared by a previous party that had attempted to purchase the facility from Faith Center.

14. Tom Hart and I continued to talk about both Houston and Hartford after he initially discussed WHCT-TV with me, but I began to feel that Hartford presented the better

opportunity. At that time Connecticut had a robust economy whereas Houston was coming out of a recession in the real estate and oil industries. Connecticut had one of the nation's lowest state unemployment rates and a lot of growth in retail sales. Tom and I began to zero in on the Channel 18 opportunity.

15. During the period of these discussions, I reviewed the prospectus Mr. Hart gave me concerning Channel 18 and looked at data from television fact books to understand the Hartford market and the competitors in that market. I prepared some preliminary pro forma financial plans. Tom Hart kept me informed, mostly by phone at this point, about the prospects of buying the station. As part of these discussions, Mr. Hart told me that he had clients who were men of very substantial means in the oil industry who were engaged in efforts to diversify their interests. It was my understanding that they had set up a company called Astroline Company, which was intended to invest in communications as well as other properties. In the Spring of 1984, Tom arranged a meeting for me to meet Fred Boling and Herb Sostek, principals of Astroline Company, to discuss a possible purchase of WHCT-TV by a company controlled by me in which Astroline Company would invest.

16. I met Fred Boling, Herb Sostek and Bill Lance, who was their attorney, at a meeting at the Meridian Hotel in Boston which occurred over the Memorial Day weekend in May 1984. Prior to the meeting I had done some research on Astroline Company and its principals. I had learned the approximate annual sales of Astroline Company. Mr. Boling and Mr. Sostek later shared with me the fact that they had done some research into my background. At the meeting, which lasted for a number of hours, we discussed my personal, educational and professional background and my interests and ambitions. Then I initiated discussion about what it

would take to restore WHCT to a competitive position in the market. I presented preliminary financial projections and estimates of the amounts that needed to be invested. I outlined the economics of the Hartford market, its historic growth rate and the trends in advertising expenditures. I spoke generally about the television business and the availability and cost of programming as well as program syndication. We discussed engineering issues and engineering consultants needed to do a preliminary evaluation of WHCT's facilities. We talked about FCC regulations and the necessity to be in strict compliance with FCC rules.

17. At the meeting, Tom Hart went over the steps necessary to procure the license and advised us of the likely timetable. He also proposed a structure for all of us to consider. He had previously briefed me, and I believe the others, concerning a possible partnership structure. After discussing Tom Hart's proposal, and the other matters mentioned in paragraph 16, we confirmed that we would form a limited partnership to acquire the WHCT license and assets from Faith Center. I would be the managing general partner of the limited partnership. I would have not less than 21% of the equity, for which I would provide sweat equity participation, and I would serve as general manager of the station with the responsibilities and benefits attendant to that position. There would also be a corporate general partner, WHCT Management, Inc., and Astroline Company would be the limited partner. All of the voting powers would be held by the general partners. I recall that we specifically discussed the importance of the independence and authority that an ethnic minority general partner such as me must have. It was critical to me that we operate in accordance with FCC rules and policies because I understood the importance of FCC compliance; I was concerned about my reputation in the industry; and I ultimately wanted to own additional stations. I wanted Mr. Boling and Mr. Sostek to be comfortable with the control that I

would have in a company in which Astroline Company was to invest large amounts of money. Following a thorough discussion of these issues, I received assurances from Mr. Boling, Mr. Sostek and Mr. Lance that their interest was also that I be in control of station affairs and to follow not only the letter of the law but the intent of the law as well. The fact that these men had no prior experience in the broadcast industry made these assurances meaningful to me.

18. At the time of the meeting, I knew that WHCT was not in good condition. The station had been running the sermons of Faith Center's Dr. Scott 24 hours a day. Several hours were broadcast live over satellite, and during the rest of the day repeated taped sermons were broadcast. A lot of the equipment was old. Faith Center had a rented studio but the lease had been forfeited. I discussed with Messrs. Boling and Sostek the capital requirements necessary to rehabilitate the station. We contemplated that the limited partners would capitalize the company with $500,000 and we would need approximately $15,000,000 to be obtained from bank borrowings.

19. The convergence of Astroline Company's money and ability to acquire additional capital with my operational experience allowed ACCLP to purchase a broadcast station under the FCC's minority distress sale policy. Although the amount of money that I would invest in the partnership was nominal, I was well acquainted with the concept of sweat equity and believed that the structure we planned -- a union of my broadcasting experience and sweat equity with the financial resources of the investors -- would advance the goals of the FCC's policies. It was my understanding that sweat equity deals were a common business practice, and that the whole premise of the FCC's distress sale policy was to foster mechanisms whereby members of minority groups, like myself, could control station affairs and assure that minority perspectives would be

brought to bear on programing, despite a lack of financial resources or lines of credit from lending institutions. I was giving up a lucrative position where I had achieved success with a great company to pursue my ownership desires.

20. Shortly after this meeting, I was provided with a copy of a limited partnership agreement, which I faxed to my personal attorney in Boston for review. He and I discussed liability issues and FCC issues, and thereafter I signed the limited partnership agreement and sent it to the law firm of Peabody & Brown in Boston, which was responsible for filing it with the State of Massachusetts.

21. We set up Astroline Communications Company Limited Partnership ("ACCLP") as a Massachusetts limited partnership. All of the voting powers were vested in the general partners, me and WHCT Management, Inc. I had 21% of the equity and a 70% voting interest, and WHCT Management, Inc. had 9% of the equity and a 30% voting interest. Astroline Company owned all of the stock of WHCT Management, Inc. Fred Boling, Jr. was the President of WHCT Management, Inc. and William Lance was the Clerk. We set up WHCT Management, Inc. for two reasons. It was to be a vehicle for ultimately transferring an ownership interest in the station to minority and non-minority employees who committed to work for the station without affecting my control as managing general partner. It was agreed and understood that WHCT Management, Inc. could be used for that purpose. It was also to function as a second general partner if I were unavailable. ACCLP was split in terms of equity with the limited partner, Astroline Company, having 70% of the equity and the general partners, me and WHCT Management, Inc., having 30%. Astroline Company had five partners, Fred Boling, Jr., Herbert Sostek, Joel Gibbs, Richard H. Gibbs and Randall L. Gibbs. I met Randall Gibbs once, by

happenstance, in a restaurant and never spoke to him subsequently by phone or in person until post-bankruptcy proceedings. Joel Gibbs died sometime in early to mid 1986. I had no dealings with Joel Gibbs or Richard Gibbs other than informal encounters during infrequent visits to Astroline Company offices in Reading, Massachusetts and a single visit they made to Hartford in mid-1985 and perhaps one other time when they were driving through town.

22. Mr. Hart prepared a letter that was submitted to the FCC Administrative Law Judge in the Faith Center FCC proceeding on May 29, 1984, informing the Judge that Faith Center desired a further opportunity for a minority distress sale and providing a general outline of the structure of the partnership we had formed and the legal precedents. (See Appendix A hereto). I flew to Washington and appeared at a hearing conference on May 30, 1984 before Judge John Frysiak. Mr. Hart, Mr. Boling, Mr. Sostek and, I believe, Mr. Lance were also present. The Judge provided us with time to file the necessary paperwork. We then filed for assignment of the license. (See Appendix B hereto). The proposed assignment was delayed, however, because Shurberg Broadcasting of Hartford ("Shurberg") filed an Opposition. Thus, we did not obtain a grant of the assignment until December 7, 1984.

23. In the meantime, however, after signing the partnership agreement, I had given my employer at WMJX immediate notice that I was resigning, but had agreed to stay until July 1 or August 1 to help in a transition. Between May and December 1984, I spent time with Mr. Hart working on the FCC filings and I also spent time interviewing engineering consulting firms, local lawyers, equipment companies, programming consultants and program suppliers in Washington, Hartford and Boston. During this period I negotiated an employment arrangement for myself with ACCLP which included a salary, living expenses, moving expenses and an automobile. Mr.

Boling and Mr. Sostek, two of the owners of general partner WHCT Management, Inc., negotiated the agreement on ACCLP's behalf. My attorney reviewed an agreement memorializing that arrangement, which was signed in early August 1984. I moved to Hartford and established residence there in October or November 1984 and in 1985 I bought a home in West Hartford a few miles from the station. I leased and began to work at an office at CityPlace in Hartford in October or November of 1984 and hired an assistant and outside consultants. I retained Arthur Biggs, the chief engineer and a vice-president of engineering for Corinthian Television, to come to Hartford and prepare a preliminary analysis of the technical facility. I also spent time evaluating the transmitter site. I looked for studio space in Hartford and negotiated with program suppliers in New York and Los Angeles. I began my search for personnel for the station, including minority personnel who would work at the station with me. I hired Spencer Stuart, an executive search firm, to specifically look for minority management employees. I contemplated that some of these employees would have an equity interest in the company as well through WHCT Management, Inc., as explained in paragraph 21 above.

24. ACCLP closed on the acquisition of WHCT from Faith Center in January 1985, after grant of its license over Shurberg's objection. As noted above, by that time I had an office in Hartford. The purchase price for the station was $3,100,000 which was paid by a wire transfer of $500,000 from Astroline Company and a promissory note for approximately $2,600,000 from ACCLP to Faith Center, which I signed as a general partner, to be paid when the grant of the assignment became final.

25. In approximately December 1984, shortly prior to the closing, I decided that the station would have to go dark for a period of time while repairs were made. On the day we

closed, I took Dr. Scott's programming off the air and took the station dark. The target date for re-starting the station was late August or early September 1985 and we actually signed on again on September 30, 1985. There were several reasons for my decision to take these steps. ACCLP was going to have to obtain all new programming. I wanted to remove Faith Center's programming as quickly as possible so that it would not be associated with ACCLP. The original petitioner to deny the Faith Center renewal included the Capitol Region Conference of Churches, and a group of Christian and Jewish leaders and lay people from the Greater Hartford area who were anxious to get Dr. Scott off the air. I met with members of their board of directors and their counsel to outline our plans, and I wanted to accommodate their concerns by removing the Faith Center programming quickly. Additionally, I determined that WHCT required new studios, master control, transmitter, antenna and tower facilities to become commercially viable.

26. Shurberg filed an appeal of the Commission's grant of the assignment of WHCT from Faith Center to ACCLP with the U.S. Court of Appeals for the D.C. Circuit. This challenge to the Commission's grant of the assignment of license cast a dark shadow on the ACCLP business venture, and the impact of that shadow progressively grew more destructive as the years went on. The case was in the Court of Appeals for several years and during this time after initially supporting the minority distress sale policy, the Commission altered its position on the constitutionality of minority preference policies. This change in the FCC position generated a remand by the Court requiring that the FCC further explain its position. After the remand, the Court of Appeals reversed the grant to ACCLP, holding that the FCC's distress sale policy violated the equal protection rights of non-minority applicants. ACCLP filed a petition for certiorari and the Supreme Court decided to hear the case. ACCLP ultimately prevailed at the

Supreme Court gaining affirmation of the FCC grant made six years earlier on the minority distress sale purchase of WHCT. The uncertainty generated by these appeals cast a substantial cloud over the license and caused ACCLP to expend substantial funds for attorneys fees. While ACCLP had consummated its acquisition of the station, after review with counsel, in January 1985, the appeals affected ACCLP's ability to obtain bank financing and to lease equipment because we were in litigation and did not have a final grant from the FCC. We believed that the appeals would be dealt with quickly and that we would be able to recover. But in the meantime, it became evident that Astroline Company was going to have to come up with the additional funds not only to restore the station to operation and continue operations until there was a positive cash flow, but also to continue the unanticipated expensive litigation generated by Shurberg. Since the litigation involved a constitutional challenge to the FCC's minority distress sale policy, the cost of the litigation was very substantial. Moreover, our funding requirements increased over the years because whenever we filed a motion or document with the Administrative Law Judge or the Commission, Shurberg typically would file a pleading which required a response from us which in turn generated a reply from Shurberg, sometimes provoking a further pleading from us.

27. In addition to the Shurberg litigation, we were also faced with litigation from Faith Center who alleged that we had breached our contract with them. Payments on the promissory note to Faith Center were scheduled to commence when the grant of the assignment became final, but as a result of the Shurberg appeals, finality had not occurred.

28. Finally, ACCLP was also adversely affected to a substantial extent by the "Quincy-Turner" court decision in the summer of 1985 which unexpectedly struck down the must-carry rules and resulted in the denial of cable carriage to WHCT. One of the attractive elements of the

Hartford market had been the very high cable penetration rate. When WHCT went on the air on September 30, 1985, instead of reaching 600,000 to 700,000 homes through cable which we had anticipated, and which had previously been enjoyed by Faith Center, Inc., we were refused access by most of the cable companies. In contrast to our market competitors who were enjoying cable carriage to a minimum of 700,000 - 900,000 homes, WHCT had fewer than 150,000 cable homes when it signed on as a result of the "Quincy-Turner" decision.

29. Despite these adverse factors, we were optimistic that the station would be successful. A number of attorneys, including a prior FCC Commissioner, advised us that Shurberg's court challenge would be unsuccessful, and we initially anticipated that the appeal would be resolved within a year or so. A timely resolution of the court case would have changed the entire form of funding for the station. As it was, however, banks would not extend funding because ACLLP did not have a "clear title". Additional investors were similarly scared away. In early 1987, Home Shopping Network ("HSN") approached us with an offer in excess of $17 million to purchase the station. I negotiated that offer with a senior official of HSN, James Bocock, but that offer also died because it was predicated upon resolution of the license dispute.

IV. The Operation of WHCT-TV

30. As the majority general partner of ACCLP and general manager of WHCT, I had full responsibility for the day-to-day management and operation of the station. None of the principals of Astroline Company had any experience operating broadcast stations, and none of them had any role in the day-to-day management of the station. Every aspect of station operations was supervised and directed by me and the staff I hired.

31. I selected a warehouse office facility at 18 Garden Street in downtown Hartford

for renovation into new studios and offices for WHCT. I supervised the complete renovation of the facility, which was approximately 14,000 square feet. I hired and worked extensively with Block, Hess & Shallet, architects who were well known for designing television and studio facilities. I also hired and worked extensively with our engineering consultant, Buck Perry of Moffet, Larson and Johnson. In addition, I hired Builders, Inc., a construction management company, which used a competitive bidding process endorsed by me to select subcontractors for the renovation project. I also retained experts to design studio transmitter links (STLs) and transmitter studio links (TSLs) in connection with the relocation to the Garden Street facility. I hired a chief engineer who supervised and participated in the installation and construction of the new studios and transmitter facilities. I determined early on that the structural capacity of the tower at its original site and height would be insufficient to meet the needs of a television station that intended to be a marketwide competitor. However, building a taller tower required additional real estate. I used many experts to negotiate the acquisition of land and to resolve the many zoning and FAA issues involved. I spent a lot of time working with the experts I retained to obtain the approvals necessary to build and develop the new tower site.

32. I made certain that WHCT-TV originated local programming. The station produced and broadcast hockey games and basketball games of local teams from remote sites. That required me to negotiate with off-site production companies and to contract for off-site facilities. We also produced live daily, five days a week, the mass of the Archdiocese of Hartford from our studios. WHCT produced a live show from the Cathedral in Hartford covering the coronation of the Auxiliary Bishop. Coming from the Hispanic community, I was sensitive to the desire of minorities for religious programming. In addition, under my direction, the station

produced a number of community affairs programs from our studios, many of which were tape-delayed for play later on. As a minority, I felt an obligation to bring my experiences to bear in programming the station. Examples of WHCT's minority programming are attached as Appendix C.

33. Since WHCT-TV was an independent television station, unaffiliated with a network, I negotiated and acquired syndicated off-network programs and first-run syndicated programs for the station. I also obtained movies through off network packages and off cable packages. From 1985 until the station went into bankruptcy, I signed all programming agreements with the exception of a few signed by Terry Planell, the station manager. I started to obtain programming in the first quarter of 1985, prior to signing on the air. In connection with these efforts, I engaged George Snowden, a programming consultant who had formerly worked at WWOR television in New York, one of the country's largest independent television stations. I also traveled to programming conventions such as the INTV (Association of Independent Television Stations) convention and the NATPE (National Association of Television Programming Executives) convention.

34. In late 1986 to early 1987, I began renegotiating contracts with programmers. Because of the continued litigation expenses, delays in the construction of the new tower and the delay in obtaining cable carriage, ACCLP was not meeting its sales revenue projections and operating losses were far exceeding our projected losses. While ACCLP was essentially current in its payments to all of our major trade creditors, I decided to voluntarily seek some relief by renegotiating the schedule of payments that were in place at that time. As a result of my efforts, several of the program suppliers who were our major creditors, gave us new payment schedules

that substantially relieved the operating loss.

35. I engaged a national sales representative firm, Independent Television Sales ("ITS") which maintained offices in critical markets of advertising origination such as New York City, Chicago, Detroit, Texas and Los Angeles. Under my direction, station personnel developed program schedules and videotapes to demonstrate to advertisers the programs we had and how they were scheduled. I purchased ratings services so that we could have ratings information about our programming. I hired a national sales manager (initially Danielle Webb) to maintain contact with the national advertising representatives, and I also hired management-level personnel to manage the local advertising efforts. They and I hired local sales account executives to go out and solicit advertising.

36. I hired all of the department heads at WHCT and all of the senior level personnel which included the programming and operations people, sales management, engineering, promotion and accounting. I generally gave discretion to the department heads to hire people for their departments but I had a policy that I would meet every employee who was hired. I made a particular point of searching for and hiring minority employees. Neither Fred Boling, Herb Sostek nor any other partner of Astroline Company had any involvement in hiring or firing employees, supervising employees or evaluating employees at any time. Nor did they have any involvement in setting staff salaries. When an employee who had been given an interest in WHCT Management, Inc. such as Danielle Webb, departed, I did inform either Mr. Boling, Mr. Sostek or their counsel because it involved retrieving a partnership interest.

37. I hired Terry Planell, an Hispanic female, who was initially program manager and later station manager of WHCT, and John Jordan, the director of operations. Terry, John and I

met with a number of advertising agencies in the Hartford area. Ultimately, I engaged Mints and Hoke, an advertising agency in Avon, Connecticut to promote Channel 18 to viewers and put pressure on the cable companies to carry Channel 18.

38. It was my job as managing general partner and general manager of the station to make the payments due to WHCT's suppliers, vendors and others. Astroline Company's role was to physically prepare checks for payments that I had approved and to add funds to bank accounts to make good checks that ACCLP issued. The details of this process were as follows.

39. From August 1984 until approximately March 1985, when expenses were nominal, I approved invoices and sent them to Astroline Company in Boston. Astroline Company then sent checks down to me for signature to pay the invoices. Around February or March 1985, as additional staff came on board, we began to utilize a general ledger in Hartford and after accumulating invoices and after I approved them, we sent them on to Boston for checks. In May-June 1985, we moved into the building on Garden Street, and at that time a Columbine computer was delivered. It took until approximately the summer of 1985 until we had the Columbine system up and running.

40. Since we had no revenues until late 1985, we were totally dependent on Astroline Company to provide funds to make good ACCLP's checks. From late 1985 until we went into bankruptcy, expenses continued to exceed revenues and we remained partially dependent on funding from Astroline Company.

41. Payroll was done through a separate payroll accounting company, and funding for that function came from the limited partner Astroline Company's accounts. Payroll was funded religiously every two weeks until the decline of the station. Employee reimbursements were also

separated and paid right away. As noted above in paragraph 36, neither Astroline Company nor its principals were involved in setting the salary levels in the payroll. Astroline's role was only to provide the funds to cover the payroll checks.

42. By the end of the first quarter of 1986, the Columbine system had been fully brought on-line. Bills were paid in the following manner. As obligations were incurred, we would received an invoice or demand for payment at the television station in Hartford. It would be duly recorded and processed in our accounting system. We had a system within the building whereby each department head would have his invoices routed to him and he would mark it okay signifying his approval. The station's accounting department would then duly record and process the invoices so that we could produce the requisite financial reports and have an accurate reflection of our business activities. Periodically, the invoices would be grouped into hundreds of thousands of dollars and sent up to Boston where Astroline Company employees would review the amount of payable requests and the invoices. In the early years, all of the check requests were then covered by capital contributions of the limited partners. Checks would be sent from Boston to Hartford ready for my signature, and I would sign them. Later on, as the financial condition of the station declined, I prioritized the payables and had telephone discussions advising Mr. Boling as to which bills needed to be paid, after which Astroline Company would prepare checks and provide funds to cover them. But I made the decisions as to which bills had to be paid and when, given the amount of funds available from partner contributions and monthly collections. Up until the time that the money ran out, everything was paid that I wanted paid in accordance with my decisions. I do not recall any instance when Mr. Boling challenged any of my payment requests. All contracts, liabilities or obligations ACCLP entered into were done by me or my staff and at no

time did any partner or employee of Astroline Company enter into or create a contract or obligation on the part of ACCLP.

43. In 1984 and early 1985 there were some checks drawn on a Security National Bank account in Boston which were signed by Mr. Boling. After that time, checks were mainly drawn on an account at State Street Bank in Boston. The limited partners arranged their borrowing lines at State Street Bank which allowed ACCLP to actually run deficits in the bank account on a daily basis because they were immediately covered by a credit line at the bank. I signed approximately 95% of the checks on this account until the station went into bankruptcy. However, as a normal business practice, Mr. Boling signed any checks made payable to me and he also signed approximately 6-7 checks when I was unavailable or traveling such as when I went skiing in March 1988 and went to Europe in June 1988.

44. ACCLP also had a local bank account in Hartford, Connecticut at the Bank of Boston, Connecticut in 1988 and I believe I signed all the checks written on that account.

IV. ACCLP's Filings With The FCC and The IRS

45. From the very first communication with the FCC on May 29, 1984, ACCLP made clear to the Commission that I would be a general partner, that WHCT Management, Inc. would be a general partner, and that WCHT Management, Inc. would be wholly-owned by Astroline Company, a Massachusetts limited partnership, which would also be a limited partner of ACCLP. (See Appendix A). My equity interest in ACCLP was 21% and my voting interest in ACCLP was 70%. WHCT's equity interest was 9% and its voting interest was 30%. Astroline Company's equity interest was 70% and it had no voting interest. There were five limited partners of Astroline Company, Fred Boling, Jr., Herbert Sostek, Joel Gibbs, Richard Gibbs and Randall

Gibbs who each had a 20% ownership interest in Astroline Company. Four of these five individuals (Fred Boling, Jr., Herbert Sostek, Joel Gibbs and Richard Gibbs) were also general partners of Astroline Company, and each had a 25% voting interest in that company. Fred Boling, Jr., a general and limited partner of Astroline Company, was also President of WHCT Management, Inc., the 9% general partner of ACCLP. All of this was disclosed to the FCC in May-June, 1984. ACCLP also proposed to the Commission at that time that WHCT Management, Inc. was prepared and intended to transfer up to four percent of the nine percent interest it held in the Partnership to additional minority personnel. In August and September 1985, WHCT Management did in fact transfer interests to additional minorities.

46. It was my understanding that general and limited partners' functions in ACCLP needed to conform to the Uniform Limited Partnership Act ("ULPA") and it was determined in the Connecticut bankruptcy proceeding that the partners' functions in ACCLP in fact conformed to the requirements of the Massachusetts ULPA.

47. Between February 1985 and the time that the station went into Chapter 11, a number of ownership reports and related filings were made at the FCC. All of ACCLP's ownership reports were prepared by its communications attorneys. ACCLP first used Collier, Shannon, Rill and Scott when Mr. Hart was at the firm and subsequently used Baker & Hostetler when Mr. Hart joined that firm. ACCLP continued to use Baker & Hostetler when Mr. Hart left the firm in the fall of 1988. I trusted that our filings with the FCC would be complete and accurate. I reviewed the filings but I relied on the attorneys to prepare the reports and to ensure that the details were correct. I cannot be certain at this point in time what reports and filings were made at what times because I have been advised that the ownership files at the FCC appear to be

missing all of the relevant materials and I have not been able to find complete files anywhere. Attached as Appendix D are copies of some filings that appear to have been made. It was certainly ACCLP's intent at all times to comply with the Commission's rules and policies. I have no personal recollection of ACCLP being late or failing to file required documents with the FCC.

48. As I discussed earlier, Shurberg's appeal drastically affected ACCLP's original plans to rely on bank financing and equipment leases. The limited partners indicated their willingness to fund the acquisition and renovation of the station as well as operating expenses until the station turned a profit. In the spring of 1985, when it became evident that ACCLP would be relying heavily on the financial resources of the limited partners, Kent Davenport at Arthur Andersen & Co., ACCLP's accountants, recommended some accounting changes for tax purposes. Mr. Davenport advised that there could be a reallocation of profits and losses among ACCLP's partners for tax purposes for a period of time until capital contributions were recovered, so that the limited partners would be able to deduct the substantial losses they would incur. Based on my conversation with Mr. Davenport, I understood that losses and gains could be reallocated in the manner proposed without affecting the established ownership and control of ACCLP and that at all times I would remain a 21% owner of ACCLP and the controlling general partner. Such a reallocation of profits and losses seemed entirely reasonable to me because it would enable the limited partners to utilize the passive losses that the general partners were not able to use, and because I would retain my 21% ownership interest and therefore receive 21% of profits after the limited partners recouped their losses. I expected that the appeal process would be concluded quickly and there would be profits. The tax returns that were filed for ACCLP beginning with the tax year 1985 reflected the reallocation of losses in accordance with Mr.

Davenport's recommendations. I relied on Arthur Andersen to prepare the partnership's tax returns and reflect the special reallocation. I did not notice that the returns reported my "ownership of capital" as less than 21%. Based on Arthur Andersen's explanation and my discussions with my personal attorney described above, I understood throughout ACCLP's operation of WHCT-TV that as general partner I had 100% exposure for ACCLP's liabilities, and that I was always entitled to 21% of the profits after the investors' capital contributions had been repaid. I always understood this to mean that I owned at least 21% of ACCLP.

49. During 1985 two amendments to the ACCLP limited partnership agreement were prepared. On September 10, 1985 a First Certificate of Amendment was executed which reflected inter alia, the transfer by WHCT Management, Inc. of partnership interests to certain station employees including an Hispanic female and a Black female. That Amendment also reflected Mr. Hart's admission as a 1% general partner. The Amendment did not alter my 21% ownership interest nor my control of ACCLP, voting interest and my status as managing general partner. See Appendix E, pp. 29 & 32.

50. Effective December 31, 1985, an Amended and Restated Limited Partnership Agreement and Certificate was entered. The purpose of this amendment was to reconcile the agreement with the reallocation of profits and losses for tax purposes which had been recommended by Arthur Andersen. The December 31, 1985 amendment further provided that if there was a sale of the station, after each general and limited partner recovered their capital contributions, Tom Hart and I would split $1,000,000 and the balance would be allocated among the partners in accordance with their respective ownership interests. The amendment did not alter my 21% ownership interest, as reflected in Schedule A to the Amended and Restated Limited

Partnership Agreement. (See Appendix F, p. 39). In fact, to my knowledge, every schedule that has ever been prepared for ACCLP has reflected my 21% ownership interest voting interest, control and status as managing general partner of ACCLP. See Amendments to Limited Partnership Agreement and Appendix G.

51. Although the Amended and Restated Limited Partnership Agreement was effective December 31, 1985, I believe it was signed by the parties at various times after that date. Subsequently, changes occurred that had a bearing on that amendment. Specifically, on April 7, 1987, Tom Hart retired as a general partner, transferring his equity and voting interests to WHCT Management, Inc. In addition, Joel Gibbs died and his interest in WHCT Management, Inc. and Astroline Company passed to his estate; and Richard Gibbs was divorced.

52. Between 1985 and August 3, 1987, the Commission suspended the filing of annual ownership reports while a new ownership report form was in preparation. (Appendix H). On August 3, 1987, the ownership structure of ACCLP, WHCT Management, Inc. and Astroline Company was reported to the Commission by way of a letter prepared by counsel. (Appendix D). The letter reflected the absence of Mr. Hart as a general partner and reflected that Joel Gibbs' Estate had succeeded to his interest.

53. I have not been able to locate any FCC receipt stamped document demonstrating that the December 31, 1985 Amended and Restated Limited Partnership Agreement was filed with the FCC. However, there is correspondence demonstrating that the agreement was routinely sent to Mr. Hart for filing with the FCC and sent to the station for filing in the Public Inspection File. (See Appendix I). At all times I expected our FCC counsel to make timely FCC filings as required. There was no intent on my part to hide the December 31, 1985 amended and restated

agreement, and I was not aware of any failure to file the December 31, 1985 agreement. In fact, a December 7, 1988 ownership report refers to a "First Amendment to Amended and Restated Limited Partnership Agreement and Certificate," suggesting to me that the December 31, 1985 amended and restated agreement was on file. (Appendix D).

54. Toward the end of 1988, attorneys at Baker & Hostetler brought to my attention certain recent comparative broadcast cases involving limited partnerships and new FCC interpretations concerning insulation of limited partners. ACCLP had been formed prior to these cases and interpretations and I believed and continue to believe that the FCC was fully informed of ACCLP's unique nature and purpose and that our structure fully complied with the Commission's minority distress sale policies. The cases that were brought to my attention were not minority distress sale cases. Nevertheless, because WHCT was due to file a license renewal application on December 1, 1988 and faced a comparative renewal challenge from Shurberg, at the suggestion of Baker & Hostetler, the five stockholders of WHCT Management, Inc. transferred 100% of the stock of that company to me. They also resigned as officers and directors of WHCT Management, Inc. and I became the sole officer and director. (Appendix D).

55. I realized after the fact, during the Connecticut bankruptcy proceeding, that over the years there were some minor errors in ACCLP's ownership reports and occasionally in other documents. For instance, because ACCLP and Astroline Company were both limited partnerships with similar names, there were occasions when Astroline Company or one of its principals was inadvertently called a general partner. I believe other errors were made because there were a series of different associates at Baker & Hostetler working on our reports and they were unfamiliar with the facts. I tried as best I could to carefully review the ownership reports but

there were unintentional errors.

56. I also want to point out that there has already been an extensive and exhaustive inquiry into the allegations raised by Shurberg. There was a lengthy proceeding in the Connecticut bankruptcy court with full discovery and a nine day trial which included my testimony, the testimony of limited partners, the testimony of other managerial level employees at WHCT and the testimony of two Arthur Andersen accountants. I cooperated fully in the bankruptcy court proceeding, never shirking or avoiding my responsibilities as a general partner, and I personally made payments to achieve a settlement with the Trustee concerning my general partnership liabilities. Following the trial, the Bankruptcy Court Judge issued a decision in which he concluded that "[Ramirez], as the managing general partner, exercised fully his powers as such, and that Astroline Company had no equal voice in his decisions." The Judge also stated: "The court . . . cannot find as a fact that Astroline Company ever did anything more than prepare the checks as directed by Ramirez or Rozanski and add to the Debtor's bank account those funds necessary to make good the issued checks." On appeal the Bankruptcy Court decision was affirmed.

57. I am greatly distraught that ACCLP's minority distress sale was unsuccessful because it could have been a great boon to minorities in broadcasting and to the people of Hartford. ACCLP and I entered into the minority distress sale in good faith. I worked very hard to make the station successful and to operate it in accordance with all FCC policies and guidelines. The limited partners ultimately invested approximately $25 million dollars to make the station successful, $20 million in capital contributions and the last $5 million in loans for which I signed notes. I don't think that anyone could have done more than ACCLP did to try to make a

minority distress sale work. ACCLP did prevail at the Supreme Court, preserving the distress sale policy. I have worked in the media business for many years and continue to work in the media business. That is my profession and my livelihood. I respectfully request the Presiding Judge to resolve the pending issue favorably and in particular to clear my name as a broadcaster.

DECLARATION

I, Richard Peter Ramirez, have read the foregoing exhibit entitled "Testimony of Richard Peter Ramirez," and I declare under penalty of perjury that it is true and correct to the best of my knowledge and belief.

Executed this 8th day of September 1998.

Richard Peter Ramirez

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May 29, 1984

The Honorable John M. Frysiak
Administrative Law Judge
Federal Communications Commission
2000 L Street, N.W.
Washington, D.C. 20554

Re: WHCT-TV, Hartford, Connecticut, Channel 18

Dear Judge Frysiak:

Over the past weekend, Faith Center, Inc. and Astroline Communications Company entered into an agreement to transfer the assets of WHCT-TV, Hartford, Connecticut (Channel 18) to Astroline Communications Company for $3.1 million pursuant to the Federal Communications Commission's ("Commission") distress sale policy. Statement of Policy on Minority Ownership of Broadcast Facilities, 68 FCC 2d 979, 983 (1981); Commission Policy Regarding the Advancement of Minority Ownership in Broadcasting, 52 RR 2d 1301 (1982). A copy of the transfer agreement has been attached for your review.

Astroline Communications Company is a Massachusetts limited partnership that is financially qualified and prepared to consummate this transaction within 30 days following final approval from the Commission. Richard Ramirez, a general partner of Astroline Communications Company, is an experienced broadcaster and will serve as the station's General Manager. Mr. Ramirez is a bilingual Hispanic-American and long-time resident of the New England area. Currently, Mr. Ramirez has a twenty-one percent (21%) equity interest and will have operational control over the station. Specifically, he will have the authority to determine the basic policies of the station's operations, including programming, personnel and financial matters. In conjunction with Mr. Ramirez's obligations as General Manager, he is seeking and will continue to seek one or more additional minority management personnel to participate in the ownership and operation of the station, including, in particular, one or more black persons. His commitment to find additional minority management is further evidenced by his pledge to transfer up to eleven percent (11%) of his twenty-one percent (21%) interest to such additional minority personnel, if necessary.

Another general partner shall be WHCT Management, Inc., which will hold a nine percent (9%) partnership interest in the station. WHCT Management, Inc. will be wholly-owned by Astroline Company, which will be a limited partner of Astroline Communications Company and hold a seventy percent (70%) equity interest in the station. WHCT Management, Inc. shall reserve four percent (4%) of its nine percent (9%) equity interest for other minority management personnel, particularly black professionals, that have experience and talents that would further enhance Astroline Communications Company's ability to serve the public interest.

Astroline Communications Company intends for the station's top management positions to be held by minorities. Collectively, these minorities shall be the controlling general partners. They shall also hold at least twenty-five percent (25%) of the equity in the station and shall be responsible for the day-to-day operation of the television station.

This form of ownership and management structure has been approved by the Commission in a related context in the past and is entirely consistent with the Commission's minority ownership policy. Anax Broadcasting, Inc., 49 RR 2d 1589 (1981); William M. Barnard, 44 RR 2d 525 (1978).

The Commission dealt squarely with the issue of limited partnerships in its most recent Policy Statement regarding minority ownership of broadcast stations, supra, 52 RR 2d 1301, 1306 (1982). Specifically, the Commission stated:

> We will henceforth consider issuing tax certificates and authorizing distress sales in transfer to limited partnerships where the general partner or partners own more than 20 percent of the broadcasting entity and is a member or members of a minority group.
>
> * * *
>
> The minimal ownership requirement of 20 percent was recommended by the Committee as reflecting the realities of the financial and business world. We accept their

> recommendation, in this regard, as a realistic threshold.

52 RR 2d 1306 n. 28 (1982).

It is anticipated that Faith Center, Inc. will seek continuance and leave to file a petition for special relief during the prehearing conference scheduled for tomorrow. The undersigned will be present at the hearing to answer any questions you may have concerning this matter.

Sincerely,

Thomas A. Hart, Jr.

Thomas A. Hart, Jr.

Counsel for Astroline
Communications Company

Attachment

TAH/tdh

AGREEMENT

THIS AGREEMENT is made this 29th day of May 1984, by and between Faith Center, Inc., licensee of WHCT-TV, Channel 18 in Hartford, Connecticut, ("Seller") and Astroline Communications Company, a Massachusetts limited partnership ("Buyer"). WHCT-TV, Channel 18 in Hartford, Connecticut is hereinafter referred to as the Station.

1. Sale of Business and Assets of Seller to Buyer.

Subject to the conditions and based upon the representations, warranties and agreements of the parties hereinafter set forth, Seller shall sell, assign, transfer, convey and deliver to Buyer and Buyer shall purchase and acquire from Seller on the Closing Date (as hereinafter defined) all of the licenses and permits issued by the Federal Communications Commission (FCC), call letters, (WHCT-TV) antennas, transmitters, real property and equipment of the Station and all other assets of the Station described herein on an addendum which will be prepared and executed by the parties prior to closing.

The foregoing business, properties and assets to be sold, assigned, transferred, conveyed and delivered to Buyer including, but not limited to, the items specifically referred to above are referred to herein as the "Assets."

2. <u>Purchase Price and Payment; Purchase Price Adjustment; and Allocation of Purchase Price</u>.

(a) The aggregate purchase price to be paid by Buyer to Seller for the Assets shall be Three Million One Hundred Dollars ($3,100,000) (hereinafter referred to as the "Purchase Price"). The Purchase Price shall be payable by Buyer to Seller at the Closing (as hereinafter defined) as follows:

(i) Buyer shall pay Seller Five Hundred Thousand Dollars ($500,000) by certified or bank check or by wire transfer;

(ii) Buyer shall deliver to Seller a Promissory Note ("Note") in the principal amount of Two Million Six Hundred Thousand Dollars amortized over ten (10) years. The Note shall be payable monthly, the first installment to be payable one month after the Closing Date and the remaining installments to be paid monthly thereafter. The principal balance from time to time outstanding under the Note shall bear interest at the rate of twelve percent (12%) per annum. The term of the Note shall be for ten years and shall be partially secured by the assets enumerated in trust deed on real property.

(b) The Purchase Price shall be allocated among the Assets according to a Schedule to be determined by the Buyer.

(c) Buyer shall deposit at the Bank of America, Gateway Branch in Glendale, California, $30,000.00 in escrow towards the cash payment of the Purchase Price, within 30 days of receipt of preliminary approval of the FCC.

JOB (d) Buyer is not and will not assume any liabilities or obligations of Seller.

3. Closing.

(a) The closing of the purchase and sale of the Assets (the "Closing") shall take place at the offices of the Gateway Branch, Bank of America, Glendale, California at 10:00 a.m. The Closing shall take place on August 6, 1984, or any date prior thereto that is mutually agreeable to Buyer and Seller, provided that Buyer shall have the right, exercisable from time to time by written notice to Seller, to postpone the Closing to a date not later than September 14, 1984. If all consents and approvals of the FCC, and all other applicable regulatory agencies and authorities necessary for the consummation of the transactions contemplated by this Agreement in accordance with the terms hereof shall not have been obtained prior to September 14, 1984 and, therefore, the Closing shall not have occurred by such date, then Buyer shall have the right, exercisable by written notice to Seller, to extend the date of the Closing to such date on or before December 31, 1984, which is five (5) business days after the date on which all such consents and approvals shall have been obtained. The date on which the Closing shall occur is referred to herein as the "Closing Date."

(b) Seller and Buyer each agree to pursue diligently the fulfillment of all conditions precedent to the Closing set forth herein and to cooperate in obtaining all consents and approvals necessary for the consummation of the transactions contemplated by this Agreement in accordance with the terms hereof.

4. Instruments to be Delivered at Closing.

(a) At the Closing, Seller shall deliver to Buyer the following documents and instruments duly executed by Seller:

(i) A Bill of Sale and Assignment conveying to Buyer all of Seller's right, title and interest in and to the Assets identified herein or listed in the Addendum.

(ii) Deeds from Seller to Buyer with respect to the real properties included among the Assets;

(iii) Such other instruments of sale, assignment, transfer, conveyance and delivery, as shall be necessary to provide Buyer good and marketable title to all the Assets free of all defects, except real and/or personal property tax liens previously described herein. Twenty four months after closing, Buyer shall have recourse against the tax liens existing against the Assets at closing by reducing the principal payments of the Note by the amount equal to the taxes owed by Seller twenty four months after closing.

(b) At the Closing, against the delivery of the documents described in this Section above, Buyer shall deliver or cause to be delivered to Seller the following instruments, duly executed on behalf of Buyer, and amounts:

(i) Cash, by certified or bank check or wire transfer, in the amount specified in subsection 2(a)(i) above;

(ii) The Note.

5. <u>Representations and Warranties of Seller</u>.

(a) Seller represents and warrants that:

(i) Seller will provide good and marketable title, free and clear of any mortgage, pledge, security interest, lien, charge or other encumbrance, to all real and personal properties included among the Assets except liens for real property taxes assessed and/or due and including those [illegible] not yet due and payable; and

(ii) Seller is not in default under any indenture, mortgage, deed of trust, agreement, lease or other instrument or contract to which Seller is a party or by which Seller is bound which has a material adverse effect upon the Assets or the value thereof.

(iii) No consent, approval or authorization of, or declaration or filing with, any governmental agency or authority, except for the approval of the FCC, is required in connection with the execution and delivery of this Agreement by Seller or the consummation by Seller of the transactions contemplated hereby.

(iv) Seller has full power and authority to carry out all the terms, conditions and provisions of this Agreement without the consent of any other person.

(v) From the date of execution of this Agreement until the Closing Date, there will be no material adverse change in the license, call letters, antenna, transmitter and the other real property and equipment to be attached as addendum 1. For the purposes of this Agreement, a material adverse change shall include, without limitation, any decrease in the value of the Assets by an aggregate amount in excess of $25,000, ~~or any increase in the amount of the liabilities of Seller to an aggregate amount of more than $25,000~~, except that it is understood that all assets in Addendum I are purchased by Buyer "as is" and any change in the ordinary course of business is excluded from the provisions of this paragraph. BB wtg JOB

(vi) The Assets on the Closing Date shall be located at the same location in or around Hartford, Connecticut as they are now.

6. <u>Representations and Warranties of Buyer</u>.

Buyer represents and warrants that:

(a) Buyer is a limited partnership duly organized, validly existing and in good standing under and by virtue of the laws of the State of Massachusetts.

(b) The execution and delivery of this Agreement, the Note and the other Addendums, certificates and documents contemplated or referred to herein which are to be delivered by Buyer have been duly authorized by Buyer's Partners as required under the laws of the State of Massachusetts and no other separate action is required for the approval of this Agreement, the Note or such other agreements, certificates and documents, all of which shall, upon the execution and delivery thereof by Buyer, be valid and binding upon Buyer and enforceable in accordance with their respective terms.

(c) The execution and delivery of this Agreement and the Note by Buyer, and the performance of Buyer in consummating the transactions contemplated by this Agreement and the Note, will not conflict with or result in a violation or breach of, or default under, any terms or provisions of the corporate charter or By-laws of Buyer, or any terms or provisions of any agreement or instrument to which Buyer is a party or by which it is bound.

(d) Except for the approvals of the FCC and other governmental bodies no consent, approval or authorization of or declaration or filing is required in connection with the execution or delivery of this Agreement or the Note by Buyer or the consummation by Buyer of the transactions set forth in this Agreement in accordance with the terms hereof.

7. Conditions Precedent to Buyer's Obligations.

All obligations of Buyer under this Agreement are subject to the fulfillment of each of the following conditions on or before the Closing Date, any one or more of which may, from time to time, be waived in writing by Buyer in accordance herewith.

(a) Any representation made by Seller contained herein shall be true and correct on and as of the Closing Date, with the same effect as though such representation were made on and as of such date.

(b) Seller shall have performed and complied with all terms, covenants and conditions required by this Agreement to be performed or complied with by Seller on or before the Closing Date.

(c) All consents and approvals, including approval of the FCC and consents and approvals of all other regulatory agencies or authorities having jurisdiction over the transactions contemplated by this Agreement, shall have been obtained.

8. Conditions Precedent to Seller's Obligations.

All obligations of Seller under this Agreement are subject to the fulfillment of each of the following conditions on or prior to the Closing Date, provided that the condition set forth in subsection (a) may, from time to time, be waived in whole or in part by Seller as provided herein.

(a) The representations and warranties made by Buyer contained herein shall be true and correct on and as of the Closing Date, with the same effect as though such representations and warranties were made on and as of such date.

(b) No other, ruling or regulation (general or specific) of any governmental authority shall have been issued or promulgated, and no judicial or administrative action, which has the purpose or would have the effect of prohibiting the transactions herein contemplated or the effect of interfering with or materially affecting the right or ability of either party to this Agreement to consummate any such transactions, shall have been taken.

(c) All consents and approvals, of the FCC and consents and approvals of all other regulatory agencies or authorities having jurisdiction over the transactions contemplated by this Agreement, shall have been obtained.

9. Access.

On two occasions prior to the Closing, Seller will give to Buyer and its representatives access during normal business hours to inspect all real and personal property, equipment, and inventory as enumerated on Addendum 1 of the Station; provided, however, that all information and knowledge received by Buyer and its representatives shall shall be held wholly confidential. Such access shall be made by appointment only and shall be done so in a manner which, under the circumstances, causes a minimum of disruption to the operation of the businesses of the Station. If the transactions contemplated hereby shall not be consummated, all information of every kind, nature and description and all copies of documents provided to Buyer by Seller shall, upon request, be returned to Seller.

Prior to Closing, Buyer shall give to Seller and its representatives financial reports and statements necessary to verify Buyer's financial qualifications to undertake the financial obligations herein described.

10. Negative Covenants of Seller.

Seller covenants that, throughout the period commencing on the date hereof and to and including the Closing Date, unless Buyer shall have otherwise consented in writing and except as otherwise specifically allowed by this Agreement, Seller will not:

(a) Enter into or negotiate with any other party or entity an agreement for the sale of the Station.

(b) Enter into any indenture, mortgage, agreement, understanding or commitment, written or oral, which is binding on Buyer after the Closing Date.

11. Bulk Sales Law.

Buyer hereby waives compliance by Seller with the Bulk Sales Laws of the State of Connecticut and any other jurisdiction in which any of the Assets are located in connection with the consummation of the transactions contemplated by this Agreement. Seller hereby agrees to indemnify Buyer against and hold Buyer harmless from any and all liabilities, claims, obligations or expenses which Buyer may incur or to which Buyer may be subjected or which may be asserted against any of the Assets by reason of the failure of Seller to comply with the requirements of any such Bulk Sales Laws with respect to the consummation of such transactions.

12. Casualty Losses.

Anytime following execution of this Agreement, Buyer shall have the right to fully insure the Station and its real or personal property against any casualty loss, destruction or damage to any of the Assets of this transaction. Insurer shall have no more right of access than enumerated in Section 9.

13. Brokers.

Buyer and Seller represent and warrant to each other that the transactions contemplated hereby have been and shall be carried on by Buyer directly with Seller and in such manner as not to give rise to any valid claims against either of the parties hereto for a brokerage commission, finder's fee or other like payment and each of them agrees to indemnify and hold the other harmless from and against any claims for brokerage commissions or finder's fees insofar as such claims shall be alleged to be based upon arrangements or agreements made by it. Such indemnity shall include the cost of reasonable counsel fees in connection with the defense of any such claims.

14. FCC and Other Regulatory Approvals.

Seller will select and retain counsel to cooperate with Buyer and Buyer's counsel to obtain all necessary consents and approvals of California regulatory authorities. Buyer will select and retain counsel to obtain all necessary consents and approvals of the FCC and Connecticut regulatory authorities.

15. Expenses.

Buyer and Seller shall be responsible for the payment of the fees of their respective counsel, accountants, consultants and other advisors in connection with this Agreement and the transactions provided for herein.

16. Nondisclosure of Confidential Information.

Seller shall forever maintain the confidentiality of all commercial, financial and technical information of which Seller became aware as a result of ownership of the Assets and the conduct of his business in the Station.

17. Non-Competition.

In consideration of the covenants made herein, Seller agrees that for a period of three (3) years from the Closing Date, it will not, directly or indirectly, own, manage, or operate, any television station which is in competition with the Station to be acquired by Buyer from Seller within a seventy five (75) mile radius of Hartford, Connecticut.

18. Additional Documentation.

Upon the request of Buyer, Seller shall from time to time execute and deliver documents, make all lawful oaths, testify in all proceedings and do all other acts which may be necessary to perfect the record or confirm the title of Buyer to any of the Assets, to transfer and assign any of the Assets described herein and enumerated in Addendum 1.

19. Survival of Representations and Warranties.

All representations and warranties made by Seller and Buyer under this Agreement in connection with the transactions contemplated hereby or in any certificate, schedule or other instrument delivered pursuant hereto shall survive the Closing for a period ending on the twenty four month anniversary of the Closing Date provided that all claims brought within such twenty four months period or of which either party shall have notified the other party within such twenty four month period shall survive such twenty four month anniversary of the Closing Date.

20. Indemnification.

(a) Seller shall indemnify and hold harmless Buyer from and against any and all loss, damage, liability and expense, including attorneys' fees, resulting from or arising out of:

(i) taxes levied, imposed, or assessed by any federal, state or local governmental authority with respect to the income or operation of the Station for any period on or prior to the Closing Date pursuant to the procedures outlined in Section 4(a)(iii) above.

(ii) liabilities or claims against Seller or Buyer arising out of occurrences or transactions involving Seller and occurring on or before the Closing Date except real and/or personal property taxes which are the subject of litigation and subject to recourse pursuant to paragraph 4(a)(iii).

(b) Buyer shall indemnify and hold harmless Seller from any and all loss, damage, liability and expense, including attorneys' fees, resulting from liabilities and claims & arising after the closing date, ~~that are assumed by Buyer in accordance with the terms of this Agreement~~. In connection with such indemnification, Seller shall look solely to Buyer and will not seek indemnification from any partner, officer, employee, agent or other entity or person affiliated with Buyer.

21. Remedies.

In the event that Seller or Buyer fails to close hereunder although all conditions precedent to that party's obligation to close have been fulfilled or duly waived by such party, the non-defaulting party shall be entitled, in addition to any and all other remedies which it may have at law or in equity, to receive actual damages which result from the default or breach of the terms and provisions of this Agreement by the other party. However, neither party to this Agreement shall be liable for any consequential, indirect or special damages. In the event of litigation brought by either party for specific performance of this Agreement, or damages for a breach hereunder, the prevailing party in such litigation shall be entitled to reimbursement of its expenses, including reasonable attorneys' fees, incurred in enforcing its rights hereunder.

22. Notices.

All notices and communications under this Apreement shall be in writing and if to Buyer shall be hand-delivered or mailed by registered or certified mail, first class postage prepaid, return receipt requested, to: Fred J. Boling, Astroline Company, 855 Broadway, P.O. Box 989, Saugus, Massachusetts 01906; and copies to Collier, Shannon, Rill & Scott, 1055 Thomas Jefferson Street, N.W., Suite 308, Washington, D.C. 20007, Attn: Thomas A. Hart, Jr., Esq.; and Peabody & Brown, 1 Boston Place, Boston, Massachuseets 02108, Attn: William Lance, Esq.; and if to Seller, shall be hand-delivered or mailed by registered or certified mail, first class postage prepaid, return receipt requested to: Faith Center Church, Glendale, California 91205, Attn: Board of Directors, and copies to Edward L. Masry, Esq.; 15495 Ventura Boulevard, Sherman Oaks, California 91403, and Kenneth E. Roberson, Esq., 1615 S. Glendale Avenue, Gendale, California 91205 or such other address as either party may furnish to the other by notice in accordance with this Agreement.

23. Binding Effect and Assignment.

This Agreement shall be binding upon and inure to the benefit of Buyer and Seller and their respective heirs, successors and assigns. Neither Buyer nor Seller may assign this Agreement or any rights or obligations hereunder prior to the Closing.

24. Counterparts.

This Agreement may be executed in two or more counterparts, each of which, when so executed and delivered shall be an original instrument, but such counterparts, together, shall constitute a single Agreement.

25. Entire Agreement and Amendments.

This Agreement, including the Exhibits and Schedules referred to herein, contains the entire understandings and agreement of the parties hereto with respect to the subject matter contained herein and may be amended only by a written instrument executed by Seller and Buyer or their respective heirs, successors or assigns. There are no restrictions, promises, warranties, covenants or undertakings other than those expressly set forth herein.

26. Governing Law.

This Agreement and the rights and obligations of the parties hereunder shall be governed by the laws of the State of California and Buyer and Seller agree to submit to the jurisdiction of the courts of the State of California and agree that service of process may be made in the manner approved for notices in Section 22 of this Agreement.

27. Headings and Table of Contents.

Section headings and the Table of Contents are inserted for convenience and do not form part of this Agreement.

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement in their respective names in person or by their duly authorized officers or agents, and have caused to have affixed seals hereto as of the day and year first above written.

SELLER:

Faith Center, Inc.

By W. Eugene Scott President/Pastor
W. Eugene Scott

By
Edward L. Masry, General Counsel

The above-signed Edward L. Masry appeared before me and signed the document in my presence on this ____ day of May ____, 1984.

NOTARY PUBLIC

My commission expires ________.

BUYER:

Astroline Communications Company by WHCT Management Inc - General Partner

By
Fred J. Boling, President
5-25-84

The above-signed Fred J. Boling appeared before me and signed the document in my presence on this 29th day of May ____, 1984.

NOTARY PUBLIC

My Commission Expires June 14, 1984
My Commission expires ________.

ADDENDUM

It is hereby agreed that the property being transferred shall include all of the equipment that has been previously enumerated and exhibited in the previous distress sale applications on file with the FCC and ~~that portion of~~ the real property upon which the transmitter is located.

It is understood by the parties that reasonable wear and tear of the equipment is expected.